

The Board of Supervisors adopted the County of San Bernardino's 2003-04 Final Budget on June 24, 2003. This budget covers the period from July 1, 2003 – June 30, 2004. Each department is responsible for operating within their budget and has the authority to spend up to the approved budget amount. The County of San Bernardino's 2003-04 Final Budget consisting of the general fund, special revenue funds, capital projects funds, and enterprise funds has a total appropriation of \$2.6 billion.

General Fund Budget Process

The County Administrative Office has the responsibility of developing the county financing plan for all general fund departments. The 2003-04 financing plan included a total of \$348.2 million in discretionary revenue. This revenue is comprised of property taxes, vehicle license fees, interest on the county investment pool, sales tax and other taxes. Mandatory costs such as previously negotiated salary increases, previous year's Board approved costs and other mandated costs are first financed by the discretionary revenue. After the mandatory costs are financed, the remaining unallocated discretionary revenue is presented to the Board of Supervisors for approval of distribution during the budget workshop. In 2003-04 the amount of unallocated revenue was \$59.1 million.

A budget workshop was held June 4th through 6th, 2003, to discuss each department's proposed budget. Each department submitted a departmental budget based on the general fund financing amount allocated to them and their own departmental revenues. Departments also request funding for those workload and program changes that were unable to be financed in their proposed budget. Additionally, requests for restoration of vacant budgeted positions slated for deletion were also presented as policy items.

The Board of Supervisors approved the deletion of vacant budgeted positions that were not in recruitment, which increased financing available by \$4.3 million. In addition, the Board also approved \$4.3 million in departmental requests, of which \$0.4 million was approved requests for restoration of vacant positions, \$0.9 million represented approved policy items for the Sheriff and Clerk of the Board, and \$3.0 million represented contributions to reserves. These changes, shown below, were incorporated in the 2003-04 Final Budget that was presented to the Board during the budget and fee hearing in June. The remaining revenue not allocated was \$59.1 million.

BOARD APPROVED CHANGES AT BUDGET WORKSHOP

	<u>Approp</u>	<u>Revenue</u>	<u>Local Cost</u>	<u>Addt'l Pos.</u>
<i>Vacant Budgeted Positions Deleted:</i>				
<u>Aging & Adult Services</u>	(162,632)	(162,632)	-	(10.6)
<u>Alcohol and Drug</u>	(352,815)	(352,815)	-	(7.8)
<u>Architecture & Engineering</u>	-	-	-	(2.0)
<u>Auditor/Controller-Recorder</u>	(699,350)	(375,027)	(324,323)	(14.7)
<u>Behavioral Health</u>	(647,322)	(647,322)	-	(6.4)
<u>California Children's Services</u>	(698,094)	(633,750)	(64,344)	(12.8)
<u>Child Support Services</u>	(73,524)	(73,524)	-	(1.0)
<u>County Administrative Office</u>	(32,002)	-	(32,002)	(1.0)
<u>District Attorney</u>	(119,236)	-	(119,236)	(1.6)
<u>Facilities Management</u>	(388,739)	(70,367)	(318,372)	(12.7)
<u>HSS Administrative Claim</u>	(498,130)	(498,130)	-	(20.0)
<u>Human Resources</u>	(522,516)	(53,427)	(469,089)	(11.0)
<u>Information Services - Emerging Technology</u>	(161,992)	-	(161,992)	(2.0)
<u>Information Services - Systems Development</u>	(71,866)	-	(71,866)	(1.0)
<u>Land Use Services</u>	(295,675)	(246,171)	(49,504)	(5.2)
<u>Probation</u>	(2,495,957)	(523,535)	(1,972,422)	(43.0)
<u>Public Health</u>	(1,010,426)	(957,618)	(52,808)	(21.4)
<u>Real Estate Services</u>	(304,201)	(208,920)	(95,281)	(4.0)
<u>Registrar of Voters</u>	(102,760)		(102,760)	(4.4)
<u>Sheriff</u>	(499,218)	-	(499,218)	(15.9)
<u>Treasurer-Central Collections</u>	(150,905)	(150,905)	-	(5.5)
<u>Treasurer-Tax Collector</u>	(139,166)	(139,166)	-	(4.0)
Total Vacant Budgeted Positions Deleted	(9,426,526)	(5,093,309)	(4,333,217)	(208.8)

BOARD APPROVED CHANGES AT BUDGET WORKSHOP

	<u>Approp</u>	<u>Revenue</u>	<u>Local Cost</u>	<u>Add'l Pos.</u>
<i>Vacant Budgeted Positions Restored:</i>				
<u>Aging & Adult Services</u>	162,632	162,632	-	10.6
<u>Alcohol and Drug</u>	352,815	352,815	-	7.8
<u>Auditor/Controller-Recorder</u>	109,120	89,290	19,830	3.2
<u>Behavioral Health</u>	545,750	545,750	-	4.6
<u>California Children's Services</u>	698,094	633,750	64,344	12.8
<u>Child Support Services</u>	73,524	73,524	-	1.0
<u>District Attorney</u>	90,668	-	90,668	0.8
<u>Facilities Management</u>	70,367	70,367	-	4.0
<u>HSS Administrative Claim</u>	498,130	498,130	-	20.0
<u>Human Resources</u>	219,548	53,427	166,121	2.0
<u>Land Use Services</u>	246,171	246,171	-	5.2
<u>Public Health</u>	835,899	783,091	52,808	15.9
<u>Real Estate Services</u>	182,470	182,470	-	2.0
<u>Registrar of Voters</u>	102,760	-	102,760	4.4
<u>Sheriff</u>	-	-	-	3.0
<u>Treasurer-Central Collections</u>	74,254	74,254	-	4.0
<u>Treasurer-Tax Collector</u>	94,341	94,341	-	3.0
Total Vacant Budgeted Positions Restored	4,356,543	3,860,012	496,531	104.3
<i>Policy Items:</i>				
<u>Clerk of the Board</u> - Chief Deputy Clerk	80,540	-	80,540	1.0
<u>Sheriff</u> - COPSMORE Technical staff	843,285	-	843,285	12.0
Total Policy Items	923,825	-	923,825	13.0
<i>Additions to Reserves:</i>				
<u>Bark Beetle</u>	2,000,000	-	2,000,000	-
<u>Museum's Hall of Paleontology</u>	1,000,000	-	1,000,000	-
Total Additions to Reserves	3,000,000	-	3,000,000	-
TOTAL CHANGES TO SOURCES/USES	(1,146,158)	(1,233,297)	87,139	(91.5)

A budget and fee hearing was held on June 23, 2003, for public input on the county budget and fee ordinance changes and to obtain Board approval on the 2003-04 final budget. During the budget and fee hearings, an additional \$0.6 million was approved and allocated to departmental final budgets. The remaining balance of \$58.5 million was unallocated and set aside for future funding issues such as current salary negotiations, pending legislation, etc. In addition, the Board of Supervisors directed that any fund balance adjustment in the general fund would be made to the appropriations for contingencies and any unspent appropriation in the Priority Policy Needs be carried forward in its respective budget unit. The fund balance adjustment totaled \$15.5 million. Of this amount, \$13,378,742 was added to contingencies and \$2,167,983 was carried over to the Priority Policy Needs. No money can be spent from contingencies without obtaining Board of Supervisors approval.

The following worksheet describes in detail what was approved at the budget and fee hearing.

BOARD APPROVED CHANGES AT BUDGET AND FEE HEARING

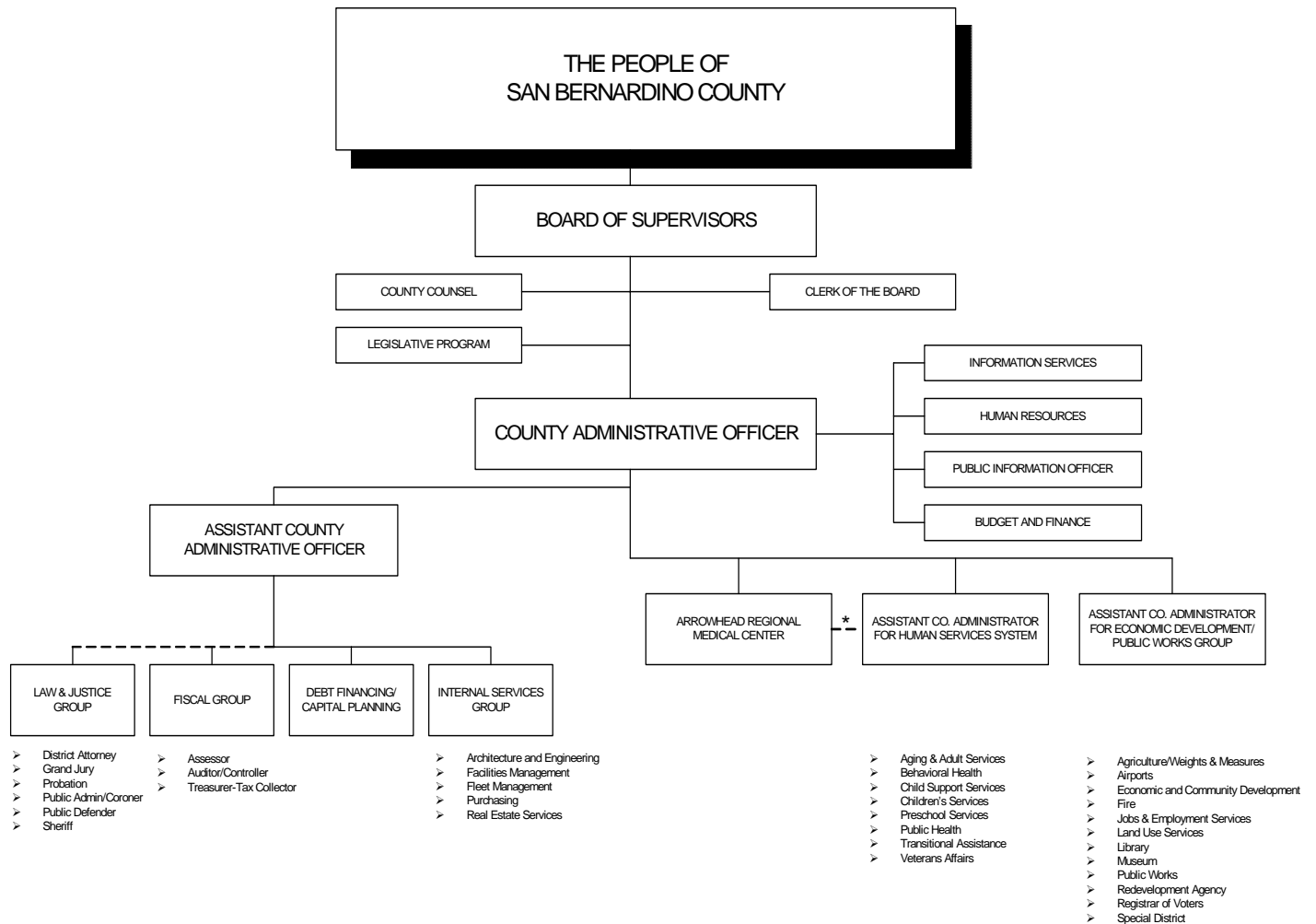
	<u>Approp</u>	<u>Revenue</u>	<u>Local Cost</u>	<u>Add'l Pos.</u>
<u>Agriculture/Weights and Measures</u> - Fee Increases	79,610	79,610	-	-
<u>Auditor/Controller-Recorder</u> - Fee Increases	49,606	49,606	-	-
<u>County Fire</u> - Fee Increases	500	500	-	-
<u>County Museum</u> - Fee Increases	132,501	132,501	-	-
<u>Library</u> - Fee Increases	230,000	230,000	-	-
<u>PA/Guardian/Conservator/Coroner</u>				
Body Removal Services	96,062	191,000	(94,938)	1.0
Fee Increases	27,000	28,620	(1,620)	-
<u>Public Health</u> - Fee Increases	426,043	426,043	-	6.0
<u>Public Works - Regional Parks</u> - Fee Increases	8,185	8,185	-	-
<u>Sheriff</u>				
Continued funding for previous COPSMORE funded positions	682,222	-	682,222	10.3
General Fund Fee Increases	155,000	155,000	-	-
Other Funds Fee Increases	435,303	435,303	-	-
<u>Solid Waste Management</u> - Fee Increases	471,776	471,776	-	-
<u>Treasurer-Tax Collector</u>				
Restore Staff Analyst II position - Admin Support	67,238	67,238	-	1.0
Restore Automated Systems Tech position for Systems Support	22,715	22,715	-	0.5
Fee Increases	25,000	25,000	-	-
TOTAL CHANGES TO SOURCES/USES	2,908,761	2,323,097	585,664	18.8

Other Funds Budget Process

In addition to the general fund, the County of San Bernardino has special revenue funds, capital projects funds, internal service funds and enterprise funds. All of these funds are restricted to the revenue sources they receive. Each department who has these types of funds is responsible for developing its budget based on the revenue resources available to them. These resources include projected revenue to be collected in 2003-04 and any revenue not spent and carried forward from prior years (for example, fund balance for special revenue funds). These budgets were also discussed during the budget workshop and budget and fee hearing. In addition, the Board of Supervisors gave approval to make necessary fund balance adjustments for special revenue funds to agree to the Auditor/Controller-Recorder's actual fund balance.

Budget Book Format

The County of San Bernardino's 2003-04 Final Budget is presented in this book based on the County Organizational Structure, which is depicted on page 6. The Administrative/Executive Group is those departments that report directly to the Board of Supervisors or those departments that report directly to the County Administrative Office which perform functions related to the overall support of the county. In addition, there is a sample of the departmental budget format on pages 7 and 8 of this Preface that shows and explains how each budget unit is presented in the book. There is also a list of Final Budget Definitions on pages 9-12 of this Preface that defines budget terms commonly used throughout the budget workbook.



* Reflects coordination on Behavioral Health Unit

Revised October 7, 2003

OVERVIEW OF BUDGET

Departments that have multiple budget units will have a summary at the front that lists the budget units and the adopted budgets for 2003-04 which they are responsible for.

DEPARTMENT:
DEPARTMENT HEAD:

The department being described and the responsible administrator are listed at the top.

2003-04

	Appropriations	Revenue	Local Cost/ Fund Balance	Staffing
Budget #1				
Budget #2				
Budget #3				
TOTAL	-	-	-	-

BUDGET UNIT: BUDGET UNIT NAME (FUND DEPT)

I. GENERAL PROGRAM STATEMENT

Section I is the General Program Statement, which provides a narrative describing the function and activity of the budget unit.

II. BUDGET & WORKLOAD HISTORY

	Actual 2001-02	Budget 2002-03	Actual 2002-03	Budget 2003-04
Total Appropriation				
Total Revenue				
Local Cost	-	-	-	-
Budgeted Staffing				

Workload Indicators

Workload Indicator #1
Workload Indicator #2

Section II is the Budget & Workload History, which provides a historical overview of the budget unit, including two years worth of actuals, prior year adopted budget, and the current adopted budget.

It also includes budget and actual information related to measurements of workload, called Workload Indicators.

For those departments that have significant variances between budget and actual in 2002-03, there will be an explanation here of why this occurred. The 2002-03 Budget is the original budget adopted in late June and does not reflect any mid year changes approved by the Board during the fiscal year. In many cases, this is why there are variances between budget and actual in 2002-03.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

STAFFING CHANGES

PROGRAM CHANGES

Section III highlights, in narrative form, some of the major changes that are detailed in the following section in a numeric format. Not all departments will have information here, especially if the overall functioning and responsibilities of the department have not changed.

If there are important changes to highlight, they will be broken out into the categories: Staffing Changes and/or Program Changes.

GROUP:
DEPARTMENT:
FUND:

The header shows which budget unit you are looking at and lists the Function and Activity that tie this page to the summary financial schedules at the back of the

FUNCTION:
ACTIVITY:

	2002-03 Actuals	2002-03 Approved Budget	2003-04 Board Approved Base Budget	2003-04 Board Approved Changes to Base Budget	2003-04 Final Budget
Appropriations					
Salaries and Benefits					-
Services and Supplies					
Central Computer					
Transfers					
Total Expenditure Authority					
Reimbursements					
Total Appropriation					
Revenue					
Taxes					
Other Revenue					
Total Revenue					
Local Cost					
Budgeted Staffing					

This section provides a summary overview of how the budget incrementally progresses from prior year adopted to current adopted. A more detailed breakout of these expenditure and revenue changes by category is included in the following sections. Prior year actuals are included for informational purposes.

From left to right following actuals are: the prior year approved budget; the Board approved base budget which includes non-discretionary budget changes, such as changes due to legal requirements or salary negotiations; Board approved changes to the base budget which includes any type of discretionary changes made by the department or policy items approved; and finally the Final Budget which is the sum of the Base Budget and the Changes to Base Budget column.

Total Changes Included in Board Approved Base Budget

Salaries and Benefits	
Services and Supplies	
Central Computer	
Total Appropriation Change	-
Total Revenue Change	-
Total Local Cost Change	-
Total 2002-03 Appropriation	-
Total 2002-03 Revenue	-
Total 2002-03 Local Cost	-
Total Base Budget Appropriation	-
Total Base Budget Revenue	-
Total Base Budget Local Cost	-

The top part of this section shows detail of changes that are being added to last years adopted budget to create this years "Base Budget," or the starting point from which the budget is built. The detail is then summarized below in the section labeled "A"

The "Changes Included in Base Budget" section shows in detail what changes were made to last years budget to reach the "Board Approved Base Budget" summarized in the previous section.

The three groups of data listed here show: A – the sum of changes, as detailed; B – last years approved budget which is the starting point; and C – the approved base budget, which is the sum of A and B. The numbers in C directly correspond to the "Base Budget" column in the section at the top of this page.

Board Approved Changes to Base Budget

Salaries and Benefits	-
Services and Supplies	-
Central Computer	-
Transfers	-
Total Expenditure Authority	-
Reimbursements	-
Total Appropriation	-
Other Revenue	-
Total Revenue	-
Local Cost	-

This final section shows, in detail by category, the approved changes to the base budget. This could be due to any change in activity by a department including: approved policy items, new program implementation, etc.

This section directly corresponds to the column titled "Board Approved Changes to Base Budget" shown on the section at the top of this page. These changes added to the base budget equal the final adopted budget.

FINAL BUDGET DEFINITIONS

4% Spend Down Plan: This year's budget includes a 4% Spend Down Plan that was approved by the Board on December 10, 2002. Approved reductions are shown under Changes Included in Board Approved Budget.

30% Cost Reduction Plan: The 30% Cost Reduction Plan, approved by the Board on January 28, 2003, details cost saving measures. The cost saving measures that have been implemented are detailed under Changes Included in Board Approved Budget.

Activity: A component within a fund; usually a specific line of work performed to accomplish a function for which a governmental unit is responsible.

Appropriation: An authorization granted by a legislative body to make expenditures and incur obligations for a specific purpose.

Base Year Adjustments: All non-discretionary budget changes that are factored into the base budget and approved by the Board with the County Administrative Office's financing plan; these include the cost of new mandates and negotiated salary increases.

Board Approved Base Budget: The Board Approved Base Budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Board of Supervisors in the prior years. It may include an adjustment for cost increases, but does not include changes in level of service over that authorized by the Board of Supervisors. This year's base budget represents the prior year approved budget plus mandated costs such as salary negotiations (MOU), retirement costs, risk management liabilities and previous year's mid year Board approved costs.

Budgeted Staffing: The equivalent of full-time positions funded in the budget.

Capital Project Funds: Capital Project Funds are used to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by Enterprise and Internal Service Funds.

Central Computer: Central Computer expense category is set up specifically to allocate Information Services Department's computer charges to departments based on usage. These are countywide costs for computer infrastructure such as email, wide area network, payroll processing, and software/hardware staff support. Each departmental Central Computer budget amount is estimated at the beginning of the fiscal year by the Information Services Department and is billed based on that estimate. Next year's budget will be adjusted based upon the actual usage of the prior fiscal year.

Contingencies: An amount set aside within a budget for unforeseen expenditure requirements. Board action must be taken to spend contingency funds.

COWCAP: COWCAP is an acronym that stands for County Wide Cost Allocation Plan. It is the method by which indirect support costs for services such as Human Resources, Payroll, Purchasing, etc. are allocated to departments. It is prepared annually by the County Auditor/Controller-Recorder in accordance with the Office of Management and Budget, Budget Circular A-87, which is the guideline for state and federal reimbursements for indirect costs.

Department: An organizational division used by County management to group programs of a like nature.

Depreciation: The recording of expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

Discretionary Revenue: Revenue not legally designated for a specific purpose or program that can be appropriated at the discretion of the Board of Supervisors.

Employee Health & Productivity Program (EHaP): A modified duty/return to work program that utilizes specialized nurses to obtain effective and timely treatment for injured or ill employees. Overall goals are to return the employee to the workplace as soon as possible and to increase the health and productivity of employees through health promotion and risk reduction programs.

Enterprise Funds: Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through operational revenues.

Fiscal Year: County accounting period which runs from July 1 through June 30.

Fixed Asset: An asset of a long-term character such as land, buildings, or furniture and other equipment costing \$5,000 or more.

Function: A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. This designation is specified by the State Controller. For example: "Public Protection" is the function of the Sheriff's Department.

Fund Balance: The excess of assets over its liabilities, including the cancellation of prior year encumbrances.

GASB 33: GASB 33 signifies Governmental Accounting Standards Board, Statement 33. Statement #33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. A nonexchange transaction is where a government gives or receives value without directly receiving or giving value in return. Some examples of nonexchange transactions are taxes, grants, fines, donations, and state and federal funding.

The main change is revenue must be recognized for the above transactions when the underlying exchange has occurred or when eligibility requirements are met. Therefore, money that is received under this criteria and is being put aside in trust funds must be recognized when received and trust funds that are not fiduciary in nature must be eliminated.

GASB 34: GASB 34 signifies Governmental Accounting Standards Board, Statement 34. Statement #34 establishes new requirements for the annual financial reports of state and local governments. The goal is to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions.

There are many components of GASB 34, but as it relates to the budget, it is primarily composed of how services provided between county budget units are accounted for. GASB 34 specifies how payments for services should be accounted for, i.e. either as reimbursements or as revenues. While the net impact is zero, reclassifications between these two categories cause inconsistencies when comparing year-to-year budgets by specific expense or revenue categories. In situations where this impact is significant, the departments have included an explanation of the reclassification.

General Fund: The General Fund is used to account for resources traditionally associated with government which are not accounted for in a specific fund to satisfy legal requirements or financial management objectives.

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.

Local Cost: Local cost is the amount contributed by the county general fund from its general revenue sources to finance the activities of a department.

Memorandum of Understanding (MOU): For budget purposes, the MOU refers to an approved labor agreement between the County and an employee labor organization that details the salary, benefits, and other conditions of employment.

Mid-year Adjustments: Board approved changes to a department's budget after the adoption of the final budget.

Operating Transfers In/Out: A method of providing financing from one fund to another for the implementation of a project or program.

Other Charges: A category of accounts established for expenditures other than salaries and benefits, services and supplies, and fixed assets. Example: In Home Supportive Services.

Policy Item: Funding requests made by departments for the restoration of program cuts or the addition of program/workload changes for which the department could not finance from within their local cost allocation.

Proposed Budget: The working document of the fiscal year under discussion. Approval of this document does not allow expenditures for fixed assets and for new permanent employee positions unless specifically approved by the Board of Supervisors.

Proposition 172: A permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety.

Public Service Employee (PSE): PSEs are employees assigned to entry level positions in a variety of fields and occupations for a limited duration. They are not full regular county employees and are subject to an expedited recruiting process to accommodate additional workload or to handle one-time special projects. They do not receive the full range of benefits, nor have the civil service status of regular county employees.

Realignment Funding (Health & Welfare): In 1991-92 the state approved the Health & Welfare Realignment Program which involves a shift of program responsibilities from the state to the counties. This shift is funded through corresponding shift of dedicated Sales Tax and Vehicle License Fee revenue.

Reimbursements: Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure.

Revenue: The addition of cash or other current assets of governmental costs funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings. Revenues are deposited in a fund for future appropriation.

Risk Management Liabilities: Liability insurance charges, such as general liability, auto liability, property and fire liability insurance billed to county departments from the Risk Management internal service fund.

SB 90 State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by State legislative and executive acts.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific sources that are legally restricted to expenditures for specific purposes.

Transfers: The movement of resources from one fund to another usually for payment of services received.